

Hon. Chrystia Freeland, P.C., M.P.  
Department of Finance Canada  
90 Elgin St  
Ottawa, ON K1A 0G5

February 9, 2024

Dear Minister Freeland:

We are writing to you today on behalf of Canada's agriculture groups, who together comprise a significant part of the Canadian economy and who are contributing to domestic and global food security while being integral to the fight against climate change. Specifically, we are writing regarding the interest-free portion of the loans under the Advance Payments Program (APP).

We recognize and support the temporary increases to the interest-free portion of the loans under Budgets 2022 and 2023. Now, unless permanent changes are made, the amount will revert back to \$100,000. This number is unfeasible, does not account for inflation and interest-rate increases, and does not provide adequate support for Canadian producers. We therefore urge the federal government to keep the limit at \$350,000. Doing so would mirror the recommendation by the House of Commons Standing Committee on Agriculture and Agri-food in report entitled *Grocery Affordability: Examining Rising Food Costs in Canada*. Specifically, the committee made the following recommendation:

"The Committee recommends that the Government of Canada support agricultural producers and others in the agri-food industry to mitigate their costs and ensure they have sufficient cash flow during this period of high inflation by:

- ensuring companies have access to short-term, low-cost credit,
- and maintaining the increased threshold for interest-free payments under the Advance Payments Program."

By maintaining the increase to interest-free portions of loans under the Advance Payments Program, the federal government can demonstrate that it recognizes the needs of producers who have been facing escalating input costs including the cost of raising capital to invest into the next crop. This was precisely what the APP was designed for, and we believe this action will be aligned with not on the needs of farmers but also with the intent of the program. At a time when all producers, and young farmers in particular, require all financial levers at their disposal, maintaining the increase would go a long way in making our sector more economically competitive.

The need to maintain the increase to interest-free portions of loans under APP reflects new economic realities and risks producers have to face. Furthermore, by extending the increase, producers are better able to plan ahead, invest into innovation, and stay financially sustainable.

As Budget 2024 approaches during an unsteady economic environment, we urge you to maintain the increase to the APP and to consider making the increase permanent which will permit greater stability and support to our producers who work tirelessly to increasing Canada's food security and economic competitiveness.

Thank you in advance for considering our request. We would be pleased to discuss with you at your earliest convenience.

Sincerely,



Canadian Pork Council  
Conseil canadien du porc





Cc: Hon. Lawrence MacAulay, Minister of Agriculture and Agri-Food